

CLEAN COAL STUDY GROUP
Friday, March 10, 2006
9:00 am – 12:10 pm
Public Service Commission Building
Pecatonica Conference Room

MINUTES¹

Participants:

See Attachment

Agenda:

1. Opening comments and welcome provided by Co-Chairman Mark Meyer.
2. Co-Chairman Meyer asked for comments on the draft minutes from the February 10, 2006 meeting. No comments were expressed.
3. Presentation by Frank Prager, Managing Director of Environmental Policy with Xcel Energy. Mr. Prager discussed the Colorado IGCC Demonstration Project. Xcel is in the early stages of developing a 300 MW demonstration project. The project is attempting to address some of the unique challenges associated with IGCC projects in western states, including high altitudes and western coal which is generally lower Btu, higher ash and higher moisture content than eastern coals. Mr. Prager also discussed possible partners and legislative activities which could affect how the demonstration project proceeds.
4. Presentation by Molly Tirpak Sterkel, a Senior Analyst in the California Public Utilities Commission's (CPUC's) Energy Division. Ms. Sterkel discussed the multiple-part approach in California to address climate change. This approach has included renewable portfolio standards, investor-owned utility procurement plans, and the use of a greenhouse gas adder. Ms. Sterkel also discussed other recent and proposed initiatives related to climate change.
5. Presentation by David Ludwig and Lois Hubert of the PSCW Staff on Federal and State Incentives for IGCC. Mr. Ludwig gave an overview of IGCC incentives in the federal Energy Policy Act of 2005. Ms. Hubert then described various state and local approaches to IGCC incentives, breaking the approaches into groups based on source of funds, recipient, and how the incentives operate. Mr. Ludwig then compared incentives found in three states, Minnesota, Ohio, and Texas.

¹ Copies of the presentations from this meeting can be found at the PSC website, at <http://psc.wi.gov/CleanCoal/meetings.htm>

6. Stakeholder Discussion on IGCC Incentives and the Pros/Cons of IGCC. Issues discussed included: concerns about climate change and the need for carbon controls, risks of being an early adopter of commercial-scale IGCC, financing community concerns, lack of sequestration opportunities in Wisconsin, other potential carbon control strategies, risk of building an obsolete conventional coal technology, the importance of developing a credible project, among other issues.

Stakeholders discussed the following policy incentives were the state to encourage the development of IGCC:

Legislative/Regulatory

Clarify permitting process for IGCC

Clarify siting regulations

Consider IGCC as best available control technology (BACT)

Develop a carbon adder or carbon performance or portfolio standard

Set realistic achievable carbon-capture goals as a state or region

Require turnkey IGCC bid as a part of the permitting process

Allow for the securitization of IGCC financing, modeled after Wisconsin's

Environmental Trust Financing law

Financial

Allow an incentive return on equity or similar for an IGCC project

Require a purchased power agreement adder

Require the assignment of carbon property rights in purchased power agreements

Provide for the assurance of risk recovery through rates

Research and Development

Initiate a study of CO2 pipeline and other transportation possibilities

Join DOE regional sequestration partnership based in Southern Illinois

Join FutureGen either at a state and/or utility level

Other Considerations

Reconvene study group in one year to review industry developments

Develop a consortium of electricity providers willing to share the risk of IGCC

7. The meeting was adjourned at 12:10 pm.

Next Meeting: Thursday, April 6, 2006, PSCW in Madison

Meeting Attendees

Dan Bartel	Electric Power Research Institute
Jeff Block	MGE
Cathy Boies	PSCW
Steve Brick	Joyce Foundation
Scot Cullen	PSCW
Warren Day	ATC
Steve Derenne	We Energies
David Donovan	Xcel Energy
Phyllis Dube	We Energies
Dave Hawkins	Natural Resources Defense Council
Dave Harpole	Wisconsin Public Service Corporation
Charlie Higley	Citizens Utility Board
Lois Hubert	PSCW
Michael John Jaeger	PSCW
Erhard Joeres	University of Wisconsin
Tom Karman	DNR
Joe Kramer	Energy Center of Wisconsin
Heather Leibham	We Energies
David Ludwig	PSCW
Jim Mapp	DOA
Mark Meyer	PSCW
Scott Neitzel	MGE
Bruce Nilles	Sierra Club
Chris Patton	Governor's Office
Frank Prager	Xcel Energy
Mark Redsten	Clean Wisconsin
Keith Reopelle	Clean Wisconsin
Brian Rude	Dairyland Power Cooperative
Rod Sears	CPE
Marilyn Slautterback	League of Women Voters
Peter Steitz	Wisconsin Public Power Inc.
Molly Sterkel	California Public Utilities Comm.
John Sumi	Customer First! Coalition
Phil Uekert	Wisconsin Public Service Corporation

Kevin Vesperman

Bill Ward

Megan Wisersky

Steve Wolfgram

Kim Zuhlke

Alliant Energy

Proctor & Gamble

MGE

Cahill, Wolfgram & Assoc.

Alliant Energy